DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

September 17, 1986

ALL-COUNTY INFORMATION NOTICE I- 87-86

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: INTERCEPTION OF STATE INCOME TAX REFUNDS TO COLLECT DELINQUENT RESTITUTION OF AFDC OVERPAYMENTS AND FOOD STAMP OVERISSUANCES –

REFERENCE: AFDC/FS INTERCEPT PROGRAM

The State Department of Social Services (SDSS), in conjunction with the State Controller's Office and the Franchise Tax Board (FTB) will again administer a State income tax refund Intercept Program for Tax Year (TY) 1986. This Program is designed to facilitate the collection of delinquent restitution of Aid to Families with Dependent Children (AFDC) overpayments and Food Stamp (FS) overissuances. This program has proved to be an effective collection device, with over $4.1 million dollars in tax refunds intercepted this year alone.

We would like to remind the counties of the instructions regarding recoupment action under the following court cases, Angus v. Woods , Collins v. Woods , and Stevens v. McMahon . Specific instructions are contained in ACL 80-73, ACL 84-93, ACL 85-41, and ACL 85-67, respectively for any collection activity including intercept. Please be sure that cases submitted are not in conflict with the above All County Letters.

This letter provides the following: (1) instructions for participation (Attachment 1), (2) a timetable of activities (Attachment 2), and (3) necessary forms which must be completed in order to intercept TY 1986 State income tax refunds (Attachments 3 through 8).

If your county plans to participate in the AFDC/FS Intercept Program, please complete Attachment 3, "Participation Agreement", by October 1, 1986 and return it to:

GEN 654a (9/79)

State Department of Social Services
Fraud Program Management Bureau
Attention Intercept Coordinator
744 P Street, M.S. 19-26
Sacramento, CA 95814

Because of the effectiveness of the AFDC/FS Intercept Program in aiding in the collection of AFDC overpayments and FS overissuances, the Department encourages all counties to participate. If you have any questions or comments, please contact Dave Fairchild of the SDSS Fraud Program Management Bureau at (916) 924-2836.

ROBERT A. HOREL
Deputy Director

Attachments

cc: CWDA

INSTRUCTIONS

1. Submission Criteria

    It is important to note at the outset that certain limitations are imposed
    on the AFDC/FS Intercept Program. Section 8790.2 of the State
    Administrative Manual provides, in part:

    > "The offset procedure augments rather than replaces existing tax and
    > other collection procedures and is for use when effective procedure
    > does not exist and the State would otherwise suffer loss. An agency's
    > remedy under the special laws applicable to its particular program and
    > the general laws of the State is normally more appropriate and should
    > be used unless circumstances are such that the offset procedure is the
    > most logical method of collection . . . ."

    Therefore, based on the above provision, the following cases are not
    eligible for intercept:

    (1) Cases which are still eligible for grant adjustment or allotment
        reduction,

    (2) Cases in which the individual is making regular restitution payments,

    (3) Cases in which the time to request a state hearing has not lapsed, and

    (4) Cases in which the individual has requested a state hearing or is
        awaiting a decision from a state hearing.

    The following types of delinquent restitution accounts are eligible for
    submission:

    (1) Non court-ordered restitution of AFDC overpayments. The county must
        have a "right of recovery", pursuant to SDSS regulations which existed
        at the time of the overpayment, unless modified by the ACL's that were
        cited in the cover letter.

    (2) Civil or criminal court-ordered restitution of AFDC overpayments.

    (3) Civil or criminal court-ordered restitution of food stamp benefit
        overissuances as a result of an Intentional Program Violation (IPV).

    (4) Restitution of food stamp benefit overissuances which are the result
        of an Intentional Program Violation as determined by an administrative
        disqualification hearing.

    (5) Non court-ordered restitution of all Food Stamp claims which have not
        been terminated and for which the household has failed to respond to a
        written demand letter. This includes inadvertent household error
        claims and administrative error claims.

2. Restitution Account Information

Restitution account information can be submitted by magnetic computer tape or by input document. Only the following restitution account information is required to be submitted:

(1) County number and name   (Example: 38-San Francisco)

(2) Name of individual

(3) Social Security Number of individual

(4) Type of case, (i.e., AFDC or FS). AFDC and FS accounts must be listed separately.

(5) Total amount of delinquent AFDC or FS restitution owed. The amount must be at least ten dollars.

(6) Case, district, and/or worker numbers. Information contained in this field is optional.

    a. Counties Submitting Magnetic Computer Tape

    Counties submitting restitution account information on magnetic computer tape should follow the instructions provided in Attachment 4, "AFDC/FS Intercept Program: Magnetic Tape Restitution Record Description". Any questions regarding automated input should be directed to:

    State Department of Social Services
    Systems Maintenance Bureau
    Attention Ms. Janet Carthen
    744 P Street, M.S. 19-58
    Sacramento, CA 95814
    (916) 924-2780

    b. Counties Submitting Input Documents

    Counties submitting input documents should follow the instructions provided in Attachment 5, "AFDC/FS Intercept Program: Input Document Restitution Record Description". Please follow the instructions carefully because any incorrectly completed input forms will be rejected. Time constraints preclude editing the input documents and returning the forms to the county for correction.

    The input document form, Attachment 8, "AFDC/FS Intercept Program: Restitution Account Input Document", must be duplicated locally.

To allow the SDSS to intercept state income tax refunds for TY 1986, participating counties must send all restitution account information, magnetic tape or forms, no later than October 1, 1986, to:

State Department of Social Services
Computer Facilities Bureau
Production Control
Attention AFDC/FS Intercept Program
744 P Street, M.S. 19-13
Sacramento, CA 95814

3. Limited Assignment/Certification of Correctness

In addition to the restitution account information, counties are also required to submit the following:

(1) A "Statement of Limited Assignment of AFDC/FS Restitution" from each participating county to the SDSS.

(2) A "Certificate of Correctness" regarding the validity and amount of delinquent restitution.

Attachment 6, "Limited Assignment of Delinquent Restitution", is designed to meet these requirements and should be completed by October 1, 1986. Mail the form to:

State Department of Social Services
Fraud Program Management Bureau
Attention Intercept Coordinator
744 P Street, M.S. 19-26
Sacramento, CA 95814

4. Deletions/Adjustments

The county must develop an internal procedure to flag and monitor all cases submitted for intercept in order to ensure that the case continues to meet the criteria for a state income tax refund intercept. If an individual updates the account or pays it off in full after his/her name has been submitted for an intercept, the county shall submit the name for adjustment within ten calendar days to avoid an incorrect intercept of that individual's income tax refund. Changes (decreases, or deletions) may be submitted at any time after the initial information is sent to the SDSS. Also, if it is discovered that an individual's income tax refund was erroneously requested for intercept and the refund has not been intercepted, the county shall submit a deletion request. Attachment 7, "AFDC/FS Intercept Program: Modification Request", is provided for the purpose of submitting adjustment requests. Submit the request to:

State Department of Social Services
Fraud Program Management Bureau
Attention Intercept Coordinator
744 P Street, M.S. 19-26
Sacramento, CA 95814

5. Reimbursement of State Income Tax Refund for Wrongful Intercept

All counties participating in the AFDC/FS Intercept Program are
required to establish and utilize a mechanism for promptly (within ten
calendar days after decision has been made to refund money) refunding to
the individual monies intercepted for which: (1) a request for intercept
has been submitted to the SDSS in error; or (2) a deletion request has been
submitted to the SDSS and the intercept has already occurred before the
deletion request is processed by FTB.

6. Designation of County Contact Person(s)

It is the responsibility of the county agency to appoint a representative
to handle all local level inquiries concerning the AFDC/FS Intercept
Program. Counties are to provide in Attachment 3, "Participation
Agreement", the name, unit, and telephone number of this individual.This
individual should be one who has authority to resolve all complaints,
process delete instructions to SDSS and/or initiate a refund where
warranted.

7. Pre-Offset Notification

Upon establishment of a master file, FTB will provide SDSS an address
tape. This tape will be used to notify the submitted individuals of the
potential offset. If the address is unavailable from FTB the notice will
be forwarded to the county for manual addressing. Every effort should be
made to locate an address. Obligors for whom there is no address should be
removed from the process. Once addressed the notices should be returned to
SDSS Systems Unit, MS 12-11, for mailing.

8. Income Tax Intercept

The SDSS will forward a statewide master tape to FTB who will run a
continuous match against their master index through 1987.

The SDSS will send the following reports to each county:

(1) County Transaction Error Report (AOI100-A)

The system checks the case record submitted by the county for valid
data and rejects those records that do not meet the validation
criteria. This report lists the rejected cases.

(2) Duplicate Cases Report (AOI150-A)

Cases with the same county number, SSN, last name, and aid type are considered duplicate cases. The system will only accept the case with the largest overpayment or overissuance amount and will reject the others. This report lists the rejected cases.

(3) County Weekly FTB Intercept Report (AOI550-A)

This report lists individuals whose state income tax refund was intercepted as well as the address, the restitution amount requested by the county, and the amount actually intercepted.

All county entities administering the AFDC/FS Intercept Program should establish a procedure with their respective treasurers to ensure proper accounting of incoming funds from the State Controller. Note that the State Controller will prepare checks payable to the order of the County Treasurer.

9. County Follow-Up Procedure

Upon receiving the list of intercepts and corresponding funds, the county shall credit each individual account for the AFDC and FS amounts collected through the intercept process.

The total amount of the repayments should then be recorded on Form CA 800, "Summary Report of Assistance Expenditures Aid to Families with Dependent Children, or DFA 209, Status of Claims Against Households", as appropriate.

AFDC/FS INTERCEPT PROGRAM: TIMETABLE

Activity	Date
County notifies the SDSS of intent to participate in the AFDC/FS Intercept Program by submitting Attachment 3.	October 1, 1986
County sends Attachment 6 and county restitution account information to the SDSS.	October 1, 1986
The SDSS will send the Annual Report of SDSS Rejects to the county.	November 18, 1986
The SDSS will key enter input documents and merge and edit tapes to produce statewide master tape.	October 1 through November 15, 1986
The SDSS will forward master tape to FTB.	November 15, 1986
Pre-Offset notice sent to taxpayers	December 5, 1986
FTB will edit statewide master tape. The Annual Report of FTB Rejects will be sent to the county.	January 6, 1986
FTB will run continuous matches against the FTB master index through 1986.	Beginning February 1, 1987 and ongoing
The county will submit deletions to the SDSS, if necessary.	Ongoing
The SDSS will send the Weekly Report of Matches to the county.	Weekly
FTB will transfer total weekly collections to the State Controller.	Weekly
The State Controller will send to the County Treasurer a check representing the total amount collected for the weekly period.	Weekly
The county welfare department shall credit each recipient's account with the amount intercepted and record the total amount received by the county as a repayment on Form CA-800 or DFA 209.	Ongoing

AFDC/FS INTERCEPT PROGRAM: PARTICIPATION AGREEMENT

Submit this document to:

   State Department of Social Services
   Fraud Program Management Bureau
   Attention Intercept Coordinator
   744 P Street, M.S. 19-26
   Sacramento, CA 95814

_____ County will participate in the AFDC/FS Intercept Program
to collect delinquent restitution of AFDC overpayments and FS overissuances.

_____
   Director's Name

_____   _____
   Director's Signature   Date

Cases by Type

1. Estimated number of cases county will submit for intercept: _____/_____
                                                                  AFDC   FS

2. Restitution Account input information: (Circle one) Magnetic Tape   Forms

3. Name and telephone number of the county contact person assigned to the
    AFDC/FS Intercept Program (liaison with the SDSS):

    Name_____Title_____

    Department_____

    Unit/Division_____

    Address_____

    City_____Zip Code_____Telephone (_____)_____

4. Name and telephone number of the county representative responsible for
    handling local level, i.e., public inquiries concerning the AFDC/FS
    Intercept Program. (This person's name and address will be placed on the
    notice sent to persons whose state income tax refunds have been intercepted.)

    Name_____Title_____

    Department_____

    Unit/Division_____

    Address_____

    City_____Zip Code_____Telephone (_____)_____

AFDC/FS INTERCEPT PROGRAM: MAGNETIC TAPE
RESTITUTION RECORD DESCRIPTION

Automated Input Preparation
County KDE Instructions

File Format: Sequential
Character Format: EBCDIC
Medium: 9 TRACK tape 1600 BPI or 9 TRACK tape 6250 BPI
Labels: Unlabeled
Record Length: 80 bytes
Blocking Factor: 1 record per block
Documentation: A transmittal must accompany the tape. The transmittal should
                identify the county name and county number, the number of
                transaction records and the density (i.e., 1600BPI or 6250
                BPI). Most importantly, identify the tape as input to the
                welfare overpayment intercept process. Example: WELFARE
                OVERPAYMENTS FTB REFUND INTERCEPT. Please put the type of
                system which generated the tape (i.e., IBM, HONEYWELL,
                BURROUGHS, etc.). Mailing address:

                        Department of Social Services
                        Computing Facilities Bureau
                        Attention Production Controls
                        744 P Street, M.S. 19-13
                        Sacramento, CA 95814

Sort Key: County Number, Social Security Number

Record Items:

1. County Number - Two (2) digit unsigned numeric field. It is required.
    Valid values 01 through 58.

2. Social Security Number - Nine (9) digit numeric field which contains the
    recipient's SSN. It is required. Cannot start with '8', or '9'.
    May be unsigned or signed according to COBOL format S9(9).

3. Last Name - Fifteen (15) character alphabetic field which contains the
    recipient's last name. It is required. Must be left justified with no
    special characters (i.e., hyphen, apostrophe, etc.).

4. First Name - Ten (10) character alphabetic field which contains the
    recipient's first name. It is optional entry. When not used, blank
    fill. When used, must be left justified with no special characters (i.e.,
    hyphen, apostrophe, etc.).

AFDC/FS INTERCEPT PROGRAM: MAGNETIC TAPE
RESTITUTION RECORD DESCRIPTION - Continued

5. Middle Initial - One (1) character alphabetic field which contains the recipient's middle initial. It is optional entry. When not used, blank fill. When used, must be left justified with no special characters (i.e., hyphen, apostrophe, etc.).

6. Amount Delinquent - Nine (9) digit numeric field which contains the total amount of the delinquent restitution. It is required. Cents are reduced to zero (i.e., $10.60 = $10.00). The decimal character is dropped. Right justified with optional preceding zeros (i.e., $10.60 = '000001000'. May be unsigned or signed according to COBOL format S9(7)v99. Amount must be at least ten dollars.

7. Case Identification Number - Fifteen (15) character alpha-numeric field which contains the case identification number. It is optional entry. When not used, blank fill. When used, should be left justified.

8. Worker/District Number - Five (5) character alpha-numeric field which contains county EW number and/or district. It is optional entry. When not used, blank fill. When used, should be left justified.

9. Aid Type - One (1) character alphabetic field which contains the aid type. It is required. Must contain 'A' for AFDC cases or an 'F' for Food Stamp cases.

10. FILLER - Thirteen (13) character field which contains blanks.

TRANSACTION RECORD LAYOUT

FIELD NUMBER	ITEM	LENGTH/MODE	POSITIONS
1	County Number	2N	01-02
2	Social Security Number	9N	03-11
3	Last Name	15A	12-26
4	First Name	10A	27-36
5	Middle Initial	1A	37
6	Amount Delinquent	9N	38-46
7	Case Identification Number	15A/N	47-61
8	Worker/District Number	5A/N	62-66
9	Aid Type	1A	67
10	FILLER	13A/N	68-80

AFDC/FS INTERCEPT PROGRAM: INPUT DOCUMENT RESTITUTION RECORD DESCRIPTION

1. <u>COUNTY NUMBER</u>   (01-02)

   For each document enter county name and number.

2. <u>SOCIAL SECURITY NUMBER</u>   (03-11)

   Enter recipient's Social Security Number. This field is required and must contain nine digits. The first digit cannot be '8', or '9'.

3. <u>LAST NAME</u>   (12-26)

   Enter recipient's last name starting in the left most position. This is a required field and must be alphabetic. Use only the letters 'A' through 'Z'. Do not use special characters such as hyphen, apostrophe, etc. If a recipient has aliases, make a separate complete entry for each different last name. (FTB only uses the SSN and first four letters of the last name for matching purposes.)

4. <u>FIRST NAME</u>   (27-36)

   Enter recipient's first name starting in the left most position. When entered, the characters must be alphabetic.

5. <u>MIDDLE INITIAL</u>   (37)

   Enter recipient's middle initial. This is not a required field, but if entered, must be alphabetic.

6. <u>DOLLAR AMOUNT DELINQUENT</u>   (38-46)

   Enter the total amount of the delinquent restitution to the nearest whole dollar (drop cents). This is a required field and must be numeric. The dollar amount should be entered right justified (aligned to decimal point). For example: Seven-hundred and forty-three dollars would be entered as | | | |7|4|3|0|0| or |0|0|7|4|3|0|0|. <u>AFDC overpayments and Food Stamp overissuances must be listed as separate entries. Amount must be at least ten dollars.</u>

7. <u>CASE IDENTIFICATION NUMBER</u>   (47-61)

   This is an optional field.

8. <u>WORKER/DISTRICT NUMBER</u>   (62-66)

   Case identification number and worker/district number are optional county use fields to be used for additional county identification of cases. Data can be entered free form in any desired format. There are no restrictions on alphabetic or numeric characters.

9. <u>AID TYPE</u>   (67)

   Enter 'A' for AFDC overpayments or 'F' for Food Stamp overissuances. This field is required.

   NOTE: This form is not to be used for the Child Support Intercept System nor are child support forms to be used for this system.

Submit this form to:

State Department of Social Services
Fraud Program Management Bureau
Attention Intercept Coordinator
744 P Street, M.S. 19-26
Sacramento, CA 95814

LIMITED ASSIGNMENT OF DELINQUENT RESTITUTION

_____ County hereby assigns to the State Department
of Social Services those cases with delinquent restitutions for the limited
purpose of allowing the State Department of Social Services to effect
collection of said restitution pursuant to California Government Code Section
12419.5. This assignment is for the limited purpose stated and does not
preclude _____ County from taking any other action for
collection of these restitutions.

_____
CWD Director's Name

_____   _____
CWD Director's Signature   Date

CERTIFICATION OF CORRECTNESS OF DELINQUENT RESTITUTION

I, (Name) _____ declare that I have
supervised the compilation of the list of delinquent accounts submitted to the
State Department of Social Services and I am informed and believe that each
listed individual has been identified by the correct Social Security Number,
and the correct amount of total restitution owed, and that such amounts are
collectable pursuant to current AFDC and/or Food Stamp regulations.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this _____ day of _____, 1986, in

the County of _____, California.

_____
Signature

_____
Title

State Department of Social Services
Fraud Program Management Bureau
744 P Street M.S. 19-26
Sacramento, CA 95814

Attention: Intercept Coordinator

_____County   Agency Code: DK

SUBJECT: Interagency Offset Program - Modification Request(s)

	Type Code (1)	Social Security Account No. (9)	Name Control (4)	Agency Code (2)	Revised Amount Requested (9)	Agency Information (20)
1.				DK		
2.				DK		
3.				DK		
4.				DK		
5.				DK		
6.				DK		
7.				DK		
8.				DK		
9.				DK		
10.				DK		
11.				DK		
12.				DK		
13.				DK		
14.				DK		
15.				DK		
16.				DK		
17.				DK		
18.				DK		
19.				DK		
20.				DK		

Name:
Title:

AFDC/FS INTERCEPT PROGRAM:
RESTITUTION ACCOUNT INPUT DOCUMENT

State Department of Social Services
Computer Facilities Bureau
Production Controls
Attention AFDC/FS Intercept Program
744 P Street, M.S. 19-13
Sacramento, CA 95814

|__|__|
01 02
County Number

_____
County Name

| 03 | Social Security Number 11 | 12 | Last Name 26 | 27 | First Name 36 | 37 M.I. |
| 38 | Dollar Amount Delinquent 46 | 47 | Case I.D. 61 | 62 | Worker/District # 66 | 67 Aid Type |

| 03 | Social Security Number 11 | 12 | Last Name 26 | 27 | First Name 36 | 37 M.I. |
| 38 | Dollar Amount Delinquent 46 | 47 | Case I.D. 61 | 62 | Worker/District # 66 | 67 Aid Type |

| 03 | Social Security Number 11 | 12 | Last Name 26 | 27 | First Name 36 | 37 M.I. |
| 38 | Dollar Amount Delinquent 46 | 47 | Case I.D. 61 | 62 | Worker/District # 66 | 67 Aid Type |